

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 154367

STADIS////////////////////////////////

E.O. 11652: GDS

TAGS: MILI, IR

SUBJECT: PAYMENTS TO AGENTS OF DEFENSE CONTRACTORS

REF: TEHRAN 6049

1. RE PARA 3 REFTTEL. DOD/DSAA ON JUNE 6 SUPPLIED
SENATOR CHURCH WITH A SUMMARY OF FMS CASES DOLS. 25 MILLION
OR OVER AND RELATED AGENTS FEES PLUS READILY AVAILABLE
INFORMATION ON AGENTS FEES DOLS. 100 THOUSAND AND OVER ALL
FOR THE PERIOD 30 JUNE 1973 TO PRESENT. THE INFORMATION
WAS PRESENTED AS CONFIDENTIAL PROPRIETARY DATA WITHOUT
REMARKS AS TO PROPRIETY OF ANY OF FEES. IT ALSO TRANSMITTED
A REPORT ON AGENTS FEES PREPARED BY DEFENSE CONTRACT
AUDITING AGENCY (DCAA) WITH CAVEAT THAT IT SHOULD NOT BE
REGARDED AS ACCURATE OR COMPLETE. DCAA REPORT DID CONTAIN
SOME REMARKS ON PROPRIETY.

2. SUMMARY OF FMS CASES IDENTIFIES PAYMENTS INVOLVING IRAN
IN ONLY TWO INSTANCES, BOTH FROM MCDONNELL-DOUGLAS TO
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G. LOVEN, JR., OF TEL AVIV, ISRAEL ON SALES OF F-4E'S
(LOA VALUE DOLS. 173.2 MILLION) AND RF-4E'S (DOLS. 97.5
MILLION). NOTE INDICATES THAT M-D DOES NOT PAY AGENTS FEES

ON EACH SALE BUT PAY CONSULTANTS ON ANNUAL BASIS TO

MARKET ITS PRODUCTS. LOVEN HAS ISRAEL AND SELECTED MIDDLE EAST COUNTRIES AS HIS TERRITORY. AMOUNT OF CONSULTANT FEE PRORATABLE TO SALE TO IRAN APPARENTLY VERY SMALL.

3. SUMMARY OF FEES OVER DOLS. 100,000 SHOWS MANAGEMENT AND TECHNICAL SERVICES CO. LTD. OF HAMILTON, BERMUDA RECEIVING FEE OF DOLS. 121,000 ON SALES TO IRAN OF LITTON INERTIAL NAVIGATION SYSTEM (LOA VALUE DOLS. 13.3 MILLION).

4. DCAA REPORT GOES BACK FURTHER AND IS JUICIER. WE WILL NOT LIST ALL, SINCE NAMES OF AGENTS ARE IN MANY CASES LISTED AS UNKNOWN. AMONG MORE INTERESTING ARE:

A) MAHAK CO., LTD. IS LISTED AS SALES AGENT/CONSULTANT FOR PHILCO FORD IN 1969-70 AND RECEIVING DOLS. 3 MILLION FEE FOR SALE OF DOLS. 19.4 MILLION RADAR SYSTEM AND DOLS. 1.5 MILLION FEE ON DOLS. 57 MILLION AIRCRAFT CONTROL AND EARLY WARNING SYSTEM.

B) UNIDENTIFIED AGENT LISTED AS TO RECEIVE DOLS. 1,000 PER AIRCRAFT NEGOTIATED DEALERS COMMISSION FROM BELL ON SALE OF 489 HELICOPTERS IN 1973.

C) J.M. AHY AND DR. LEE ARNOLD ARE LISTED AS RECEIVING RESPECTIVELY DOLS. 10,130 AND DOLS. 38,100 FROM SANDERS ASSOCIATES IN 1974 FOR GROUND SUPPORT EQUIPMENT VALUED AT DOLS. 3.1 MILLION.

D) THIOKOL IS LISTED AS SELLING FLARES THROUGH IRAN GENERAL AND A SMALLER AMOUNT THROUGH S.A. SHAHAN.

E) SUNVACO (JIM ZAND) IS LISTED AS RECEIVING 3 PERCENT FEE ON SALES OF LOCKHEED P-3 AIRCRAFT AND ASSOCIATED SUPPLIES FOR TOTAL OF DOLS. 1.2 MILLION.
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F) MANAGEMENT AND TECHNICAL SERVICES, CO. LTD. LISTED AS RECEIVING 1.5 PERCENT FEE IN 1970 SALE OF 58 NORTHROP F-5E'S.

5. FYI. RE POPULATION QUESTIONS RAISED IN REFTTEL, DOD USED EXTREMELY CONSERVATIVE FIGURES. ITS QTE WORST CASE UNQTE ESTIMATE IS 275,000 AMERICANS IN GULF AREA IN PERIOD SPECIFIED. ESTIMATE OF 150,000 AMERICANS GIVEN TO CONGRESS WAS CUT BACK BY 25,000 FROM LOWEST ESTIMATE PRESENTED BY ITS ANALYST. INGERSOLL

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